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DISTRICT ATTORNEY OF THE ORLEANS
JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA

Annual Financial Report

Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/16/08

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA

DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

June 23, 2008

To the Honorable Keva M. Landrum-Johnson
District Attorney of the Orleans Judicial District
Orleans Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District as of December 31, 2007 and for the year then ended, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of District Attorney of the Orleans Judicial District. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The administration of the previous District Attorney of the Orleans Judicial District did not maintain adequate accounting records and we were unable to apply procedures to determine whether the opening balances at January 1, 2007 in the financial statements as of December 31, 2007, were fairly presented in conformity with accounting principles generally accepted in the United States of America or whether accounting principles have been consistently applied between 2007 and 2006. As discussed in Note 12 to the financial statements, the fund balances as of January 1, 2007, were adjusted for amounts not reflected in the 2006 financial statements that were identified.

Since the administration of the previous District Attorney of the Orleans Judicial District did not maintain adequate accounting records and we were unable to satisfy ourselves about the opening balances at January 1, 2007 in the financial statements as of December 31, 2007, or about the consistent application of accounting principles between 2007 and 2006, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the respective changes in financial position for the year ended December 31, 2007, or on the consistency of application of accounting principles with the preceding year.

In our opinion, the financial position of the governmental activities and each major fund referred to in the first paragraph presents fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008 on our consideration of the District Attorney of the Orleans Judicial District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis information on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The District Attorney of the Orleans Judicial District has not presented budgetary comparison information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Orleans Parish, Louisiana
Management's Discussion and Analysis
December 31, 2007

Within this section of the annual financial report of the District Attorney of the Orleans Judicial District of Orleans Parish, the District Attorney's management provides this narrative discussion and analysis of the financial activities of the District Attorney for year ended December 31, 2007. The District Attorney's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The District Attorney's assets exceeded its liabilities by \$634,176 (net assets) for the year reported.

Total net assets are comprised of the following:

- * Capital assets, net of related debt, of \$498,535 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets.
- * Unrestricted net assets of \$135,641 represent the portion available to maintain the District Attorney's continuing obligations to citizens and creditors.

At the end of the current year, unreserved/undesignated fund balance for the General Fund was \$634,176 or 7%, of total General Fund expenditures and 7% of total General Fund revenues.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District Attorney's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District Attorney also includes in this report additional information to supplement the basic financial statements.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Orleans Parish, Louisiana
Management's Discussion and Analysis
December 31, 2007

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District Attorney's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District Attorney's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the District Attorney's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District Attorney as a whole is improving or deteriorating. Evaluation of the overall health of the District Attorney would extend to other nonfinancial factors in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the District Attorney's net assets changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District Attorney's distinct activities or functions on revenues provided by the Parish and the State of Louisiana.

The government-wide financial statements present governmental activities of the District Attorney that are principally supported by intergovernmental revenues. The sole purpose of these governmental activities is judicial.

The government-wide financial statements are presented on pages 9 - 10 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District Attorney uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District Attorney's most significant funds rather than the District Attorney as a whole.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Orleans Parish, Louisiana
Management's Discussion and Analysis
December 31, 2007

The District Attorney has two kinds of funds:

- 1) GOVERNMENTAL FUNDS are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District Attorney's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The governmental fund financial statements are presented on pages 11-14 of this report.

- 2) FIDUCIARY FUNDS are reported in the fund financial statements and the District Attorney has only one fiduciary fund which is the Asset Forfeiture Agency Fund. This fund reports seized assets held pending final disposition.

The agency fund financial statements are presented on page 15 - 16 of this report.

Notes to the basic financial statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 17 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report should have also presented certain required supplementary information concerning the District Attorney's budget presentations. A budgetary comparison statement is not included as "supplementary information" for the General Fund nor IV-D fund. This statement would have demonstrated compliance with General Auditing Standards (GAS). This statement was not produced because the District Attorney could not produce an adopted budget for this report.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Orleans Parish, Louisiana
Management's Discussion and Analysis
December 31, 2007

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY AS A WHOLE

The following table provides a summary of the District Attorney's net assets. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District Attorney as a whole.

	<u>Summary of Net Assets</u>	
	<u>December 31, 2007</u>	
	<u>Governmental</u>	<u>Percentage</u>
	<u>Activities</u>	<u>Total</u>
Assets:		
Current assets	\$ 1,203,752	71%
Capital assets	<u>498,535</u>	<u>29%</u>
Total assets	<u>1,702,287</u>	<u>100%</u>
Liabilities:		
Current liabilities	<u>1,068,111</u>	<u>100%</u>
Total liabilities	<u>1,068,111</u>	<u>100%</u>
Net Assets:		
Investment in capital assets, net of related debt	498,535	79%
Unrestricted	<u>135,641</u>	<u>21%</u>
Total net assets	<u>\$ 634,176</u>	<u>100%</u>

The District Attorney continues to maintain a positive current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 1.13 to 1 for the year ended December 31, 2007.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Orleans Parish, Louisiana
Management's Discussion and Analysis
December 31, 2007

The following table provides a summary of the District Attorney's changes in net assets:

	<u>Summary of Changes in Net Assets</u>	
	<u>Year Ended December 31, 2007</u>	
	<u>Governmental</u>	<u>Percentage</u>
	<u>Activities</u>	<u>of Total</u>
Revenues:		
Program:		
Charges for services/ fees and fines	\$ 536,026	6.1%
Operating grants and Intergovernmental	8,229,174	93.5%
General:		
Interest	24,848	0.3%
Miscellaneous	<u>11,175</u>	<u>0.1%</u>
Total revenues	<u>8,801,223</u>	<u>100.0%</u>
Program Expenses:		
Judicial	<u>9,021,886</u>	<u>100.0%</u>
Total expenses	<u>9,021,886</u>	<u>100.0%</u>
Change in net assets	<u>(220,663)</u>	
Net assets, beginning	3,343,634	
Correction of an error	<u>(2,488,795)</u>	
Net assets, beginning as adjusted	<u>854,839</u>	
Ending net assets	<u>\$ 634,176</u>	

GOVERNMENTAL REVENUES

The District Attorney is heavily reliant on operating grants from Orleans Parish and the State of Louisiana to support his operations. Unlike many other agencies, the District Attorney receives no property tax or sales tax revenue. The District Attorney's financial position has enabled the District to earn interest of \$24,848 for the year ended December 31, 2007, to support governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The total governmental function of the District Attorney's office concerns its judicial activities. Of the total costs depreciation on the computer equipment, furniture and vehicles was \$147,214 for the year ended December 31, 2007.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Orleans Parish, Louisiana
Management's Discussion and Analysis
December 31, 2007

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY'S FUNDS

Net assets of the District Attorney reflected a decrease from the prior year of \$220,663. The decrease results from a 14% decrease in current assets during the current year.

The District Attorney's total revenues of \$8,801,223 increased from the prior year level of \$6,790,351. This increase of \$2,010,872 resulted from increased appropriations from the City of New Orleans and new grants received.

Total expenses recorded at \$9,021,886 reflected a sharp increase of \$3,201,577. This increase related primarily from the reinstatement of some employees laid off immediately after Hurricane Katrina and increases in the pay scale.

CAPITAL ASSETS AND ADMINISTRATION

Capital assets

The District Attorney's investment in capital assets, net of accumulated depreciation as of December 31, 2007, was \$498,535. See Note 4 of the notes to the financial statements for additional information about changes in capital assets during the current year. The following table provides a summary of capital asset activity.

Capital Assets

Depreciable assets:	
Computer equipment	\$ 344,749
Vehicles	199,414
Furniture, fixtures and equipment	<u>288,020</u>
Total depreciable assets	832,183
Less: accumulated depreciation	<u>333,648</u>
Book value – depreciable assets	<u>\$ 498,535</u>
Percent depreciated	<u>40%</u>

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District Attorney's finances, comply with finance-related laws and regulations, and demonstrate the District Attorney's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Keva Landrum-Johnson, District Attorney of the Orleans Judicial District, located at 1340 Poydras, Suite 700, New Orleans, LA 70112.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

ASSETS

Cash and cash equivalents	\$ 514,045
Accrued receivables	694,630
Prepaid expenses	32,873
Capital assets, net	<u>498,535</u>
Total assets	<u>1,740,083</u>

LIABILITIES

Current Liabilities:	
Cash overdraft	37,796
Accounts payable	613,261
Accrued expense	<u>454,850</u>
Total liabilities	<u>1,105,907</u>

NET ASSETS

Invested in capital assets, net of related debt	498,535
Unrestricted	<u>135,641</u>
Total net assets	<u>\$ 634,176</u>

See accompanying notes.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Intergovernmental</u>	
Governmental activities:				
General - Governmental	\$ <u>9,006,009</u>	\$ <u>547,201</u>	\$ <u>8,229,174</u>	\$ <u>(229,634)</u>
Total	\$ <u><u>9,006,009</u></u>	\$ <u><u>547,201</u></u>	\$ <u><u>8,229,174</u></u>	<u>(229,634)</u>
General revenues:				
Unrestricted investment earnings				24,848
Loss on disposal of asset				<u>(15,877)</u>
Total general revenues				<u>8,971</u>
Changes in net assets				<u>(220,663)</u>
Net assets - beginning				3,343,634
Prior period adjustment				<u>(2,488,795)</u>
Net assets at beginning of year, as adjusted				<u>854,839</u>
Net assets at end of year				\$ <u><u>634,176</u></u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

ASSETS

	General <u>Fund</u>	Title IV-D <u>Fund</u>	Total Governmental <u>Funds</u>
Cash and cash equivalents	\$ 514,045	\$ -	\$ 514,045
Receivables:			
Grant receivables	440,541	202,291	642,832
Bond, fines & other receivables	51,338	-	51,338
Miscellaneous receivables	460	-	460
Prepaid expenses	9,249	23,624	32,873
Due from other funds	<u>31,138</u>	<u>-</u>	<u>31,138</u>
 Total assets	 <u>\$ 1,046,771</u>	 <u>\$ 225,915</u>	 <u>\$ 1,272,686</u>

LIABILITIES AND FUND BALANCE

Cash overdraft	\$ -	\$ 37,796	\$ 37,796
Accounts payable	604,462	8,799	613,261
Benefits payable	52,838	-	52,838
Due to other funds	<u>-</u>	<u>31,138</u>	<u>31,138</u>
 Total liabilities	 <u>657,300</u>	 <u>77,733</u>	 <u>735,033</u>
 Fund balance:			
Unreserved/undesignated	<u>389,471</u>	<u>148,182</u>	<u>537,653</u>
 Total liabilities and fund balance	 <u>\$ 1,046,771</u>	 <u>\$ 225,915</u>	 <u>\$ 1,272,686</u>

See accompanying notes.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total fund balance - governmental fund (fund financial statement)	\$ 537,653
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$832,183 and the accumulated depreciation is \$333,648	498,535
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Compensated absences	<u>(402,012)</u>
Total net assets of governmental activities (government - wide financial statements)	<u>\$ 634,176</u>

See accompanying notes.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2007

	<u>General Fund</u>	<u>Title IV-D</u>	<u>Total Governmental Funds</u>
Revenues:			
Intergovernmental and grants	\$ 5,981,721	\$ 2,247,453	\$ 8,229,174
Charges for services	536,026	-	536,026
Miscellaneous income	-	11,175	11,175
Interest earnings	<u>24,848</u>	<u>-</u>	<u>24,848</u>
Total revenues	<u>6,542,595</u>	<u>2,258,628</u>	<u>8,801,223</u>
Expenditures:			
Personnel and related benefits	4,019,082	1,619,362	5,638,444
Operating services	2,151,691	497,406	2,649,097
Professional fees	173,119	12,000	185,119
Capital outlays	<u>63,610</u>	<u>24,317</u>	<u>87,927</u>
Total expenditures	<u>6,407,502</u>	<u>2,153,085</u>	<u>8,560,587</u>
Excess of revenues over expenditures	<u>135,093</u>	<u>105,543</u>	<u>240,636</u>
Fund balance - beginning of year	73,536	42,639	116,175
Prior period adjustment	<u>180,842</u>	<u>-</u>	<u>180,842</u>
Fund balance - beginning of year corrected	<u>254,378</u>	<u>42,639</u>	<u>297,017</u>
Fund balance - end of year	<u>\$ 389,471</u>	<u>\$ 148,182</u>	<u>\$ 537,653</u>

See accompanying notes.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE OF GOVERNMENT FUNDS
 TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

Net change in fund balance - governmental fund (fund financial statements)	\$	240,636
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Amounts reported for *governmental activities* in the statement of activities (government - wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund. Governmental activities report depreciation expense to allocate the cost of those capital assets over the estimated useful lives of the asset.

Asset purchases capitalized	\$	87,927	
Depreciation expense		<u>(147,214)</u>	(59,287)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(402,012)

Change in net assets of governmental activities (government - wide financial statements)	\$	<u>(220,663)</u>
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See accompanying notes.

AGENCY FUND STATEMENTS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
BALANCE SHEET - AGENCY FUND
DECEMBER 31, 2007

ASSETS

Asset
Forfeiture
Agency
Fund

Cash and cash equivalents	\$ <u>6,108</u>
Total assets	<u>6,108</u>

LIABILITIES

Due to General Fund	<u>6,108</u>
Total liabilities	<u>6,108</u>

NET ASSETS

Net Assets	\$ <u>-</u>
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See accompanying notes.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
YEAR ENDED DECEMBER 31, 2007

Balance, beginning of year	\$ <u>2,108</u>
Additions:	
Seizures	4,000
Interest earnings on investments	<u>-</u>
Total additions	<u>4,000</u>
Reductions	<u>-</u>
Balance, end of year	\$ <u><u>6,108</u></u>

See accompanying notes.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Introduction

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney of the Orleans Judicial District has charge of every criminal prosecution by the State in his or her district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. The District Attorney performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. The Orleans Judicial District encompasses the entire Parish of Orleans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

For financial reporting purposes, the District Attorney includes all funds, activities, etc., that are controlled by the District as an independently elected parish official. There are no component units included or required to be included as part of the financial reporting entity. The District Attorney is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursements of funds. Other than certain operating expenditures of the District's office that are paid or provided by the City Council as required by Louisiana law, the District Attorney is financially independent. Accordingly, the District Attorney is a separate governmental reporting entity. Certain units of the local government, over which the District Attorney exercises no oversight responsibility, such as the City Council, Parish School Board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District Attorney.

B. Basis of Presentation

The accompanying basic financial statements of the District Attorney have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (GWFS)

The District Attorney's basic financial statements include both government-wide (reporting the District Attorney as a whole) and fund financial statements (reporting the District Attorney's major funds). All of the District Attorney's judicial and administrative services are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District Attorney's net assets are reported in two parts – invested in capital assets, net of related debt; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District Attorney's functions and activities (judicial). These functions are also supported by general government revenues (interest earned). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (judicial). Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (interest earned, etc). This government-wide focus is more on the sustainability of the District Attorney as an entity and the change in the District Attorney's net assets resulting from the current year's activities.

Fund Financial Statements (FFS)

The District Attorney uses funds to maintain his financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District Attorney functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of the District Attorney are classified into two categories: governmental and fiduciary. The funds of the District Attorney are described below:

Governmental

General Fund - The General Fund of the District Attorney is used to account for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended in accordance with state and federal laws and according to District Attorney policy.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Special Revenue Funds

Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, or designated by the District Attorney to be accounted for separately. The Special Revenue Funds of the District Attorney of the Orleans Judicial District consist of the following:

Title IV-D Fund – consists of reimbursement grants from the Louisiana Department of Social Services, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the Social Security Act. The purpose of the fund is to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Fiduciary

Fiduciary fund reporting focuses on net assets and changes in net assets. The only fund accounted for in this category by the District Attorney is the Asset Forfeiture Agency Fund which is used to account for assets seized in narcotics cases in which the District Attorney has received the seized assets, pending the final disposition of the case. The assets may ultimately be returned to the defendant from whom they were seized, transferred to another agency, or divided among the District Attorney, the Parish of Orleans as custodian of judicial funds, and the seizing agency. In the latter instance, the District Attorney is responsible for allocating the assets to the respective agencies net of the expenses incurred in handling the assets.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Attorney considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Intergovernmental revenues and fees, charges and commissions for services are recorded when the District Attorney is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The District Attorney's primary expenditures include salaries and related benefits, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

D. Budgets

The District Attorney's Office prepares an annual budget for the District Attorney's General Fund, Title IV-D Fund, Payroll Fund, Domestic Violence Grant Infrastructure, Parenting Program Fund, Juvenile Prosecution Grant Fund, Criminal Justice Grant Fund, Economic Crime Unit, Diversion Fund, Anti-Stalking Program, Differential Case Management, Victim Assistance Program, Public Corruption, Equipment Upgrade – Systems and Technology. The budgets are prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP). A comprehensive budget was not provided to us during the performance of our work. Accordingly, budgets and comparisons to actual results are not presented.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the District Attorney may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits in state banks, organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

F. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District Attorney's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost which approximates market. The New Orleans District Attorney does not currently have any investments.

G. Interfund Receivables/Payables

During the course of operations transactions occur between individual funds. These receivables and payables are classified as "due to or due from other funds" on the financial statement balance sheet.

H. Capital Assets

In the government-wide financial statements capital assets purchased or acquired are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Contributed assets are recorded at fair market value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Straight-line depreciation is used based on the following estimated useful lives:

Building	40 years
Vehicles	5 years
Furniture and fixtures	10 years
Computer equipment	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the fund upon acquisition.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At December 31, 2007, the District Attorney had cash totaling \$476,249 (book balances) invested in demand deposit accounts at various local banks. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2007 the District Attorney had \$579,177 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance, and pledged securities held by the custodial bank in the name of the fiscal agent (GASB Category 3).

3. RECEIVABLES

Accrued receivables consist of charges for services performed through the end of the current period but not collected until the subsequent period.

Other receivables represent the amount Bail Bonds, Court Cost, Program Fees, and Worthless Check.

4. CAPITAL ASSETS

Capital assets and depreciation activity for the governmental activities as of and for the year ended December 31, 2007 are as follows:

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

4. CAPITAL ASSETS (Continued)

	Balance, Jan. 1, <u>2007</u>	Additions	Deletions	Balance, Dec. 31, <u>2007</u>
Computer equipment	\$ 294,358	\$ 50,391	\$ --	\$ 344,749
Vehicles	198,460	20,800	19,846	199,414
Furniture, fixtures and equipment	<u>271,284</u>	<u>16,736</u>	<u>--</u>	<u>288,020</u>
Total	<u>764,102</u>	<u>87,927</u>	<u>19,846</u>	<u>832,183</u>
Less accumulated depreciation:				
Computer	102,584	65,501	--	168,085
Vehicles	11,200	40,651	3,967	47,884
Furniture, fixtures and equipment	<u>76,617</u>	<u>41,062</u>	<u>--</u>	<u>117,679</u>
Total	<u>190,401</u>	<u>147,214</u>	<u>3,967</u>	<u>333,648</u>
Capital assets, net	<u>\$ 573,701</u>			<u>\$ 498,535</u>

5. INTERFUND BALANCE AND TRANSFERS

Details related to interfund balances are presented as follows:

Due to <u>Fund</u>	Due From <u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Title IV-D	<u>\$ 31,138</u>	To report the Title IV-D fund's obligation to reimburse the expenditures that was incurred by the general fund.

6. COMPENSATED ABSENCES

At December 31, 2007, employees of the District Attorney's Office had accumulated and vested \$402,012 of employee leave benefits, which was computed in accordance with the provision of GASB No. 16, "Accounting for Compensated Absences".

7. PENSION PLAN

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST

All employees, after completion of three months employment and having attained age 18, are eligible to join the District Attorney's Clerical and Administrative Retirement Plan and Trust (the Clerical and Administrative Plan). This plan was established January 1, 1982, and the IRS has made a favorable determination in a letter dated June 10, 1982 based on Section 1.401-1(b)(3) of the Income Tax Regulations.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

7. PENSION PLAN (Continued)

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST (Continued)

The Clerical and Administrative Plan is a defined contribution thrift plan. The Clerical and Administrative Plan is voluntary and employees who elect to participate are required to contribute a minimum of 2.5% up to a maximum of 5% of their annual compensation depending upon their entrance date into the plan. The District Attorney's Office matches the first 2.5% of mandatory contributions. Voluntary contributions up to 3% to 5.5% of annual salaries are allowed. The maximum contribution an employee can make is 8%. No office match is made on the voluntary contributions. Vesting is 100% after three years of service. During 1994, the Clerical and Administrative Plan was amended to allow for the participation of all employees of the District Attorney's Office, including Assistant District Attorneys.

Other than the annual contributions made to the system, and recorded as expenditures, the District Attorney's Office does not guarantee any of the benefits granted by the Clerical and Administrative Plan.

During 2007, mandatory contributions to the plan made by employees amounted to \$17,570. In addition to the mandatory contribution, employees contributed an additional \$1,050 of voluntary contributions to the Clerical and Administrative Plan.

The District Attorney and the Assistant District Attorneys are members of the Louisiana District Attorney's Retirement System (DARS). The Louisiana District Attorney's Retirement System (the Plan) is multiple-employer, defined benefit pension plan that is administered and controlled by a board of trustees. It provides retirement, disability and death benefits to plan members and beneficiaries. The Louisiana District Attorney's Retirement System issues a publicly available financial report that includes statements and required supplementary information.

Plan members are required to contribute 7% of their annual covered salary. For the Plan's fiscal year January 1, 2007 through June 30, 2007, there were contributions of \$38,619 to the Plan. From July 1, 2007 through June 30, 2008, there were no requirements for employer contributions to this Plan. The contribution requirements of plan members, and the District Attorney's Office is established by the Plan's Board of Trustees. The Plan also receives revenue sharing as appropriated by the legislature and Ad Valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the Ad Valorem taxes shown to be collected.

Member contributions to the Plan are based on their total salary from all sources – salary paid by the State of Louisiana, paid by the parish(es), or any other governing body of a parish or political subdivision of the State of Louisiana, etc.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

7. PENSION PLAN (Continued)

**DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST (Continued)**

In 1990, substantial changes were made to the DARS. The changes to survivors' benefits are effective for everyone. Other changes are effective by election to be under the new provisions as amended by R.S. 16:1042.1.

Employees can retire providing they meet one of the following criteria:

RETIREMENT PROVISIONS UNDER R.S. 16:1042 (Old Plan)

- (1) Accrual Rate 3% per year of service
- (2) Normal Retirement 30 years of service regardless of age
23 years of service and age 55
18 years of service and age 60
10 years of service and age 62
- (3) Early Retirement Members are eligible for early retirement at age 60 if they have 10 years of creditable service or at age 55 with at least 18 years of creditable service. Members who retire prior to age 60 with less than 23 years of service receive a retirement benefit reduced 3% for each year of age below 60.

RETIREMENT PROVISIONS UNDER R.S. 16:1042.1 AS AMENDED (New Plan)

- (1) Accrual Rate 3.5% per year of service
- (2) Normal Retirement 30 years of service regardless of age
24 years of service and age 55
10 years of service and age 60
- (3) Early Retirement 18 years of service and age 55 with benefits reduced 3% for each year received in advance of normal retirement age.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

7. PENSION PLAN (Continued)

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST (Continued)

Disability Benefits

Disability benefits are awarded to active contributing members with at least ten years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives benefits equal to 3% (3.5% under New Plan) of his final compensation multiplied by the lesser of his actual service (not to be less than 15 years) or projected continued service to age 60.

Survivor Benefits

Upon the death of a member with less than five years of creditable service, the member's accumulated contributions and interest thereon are paid to the member's spouse or designated beneficiary. Upon the death of any active, contributing member with more than five years of service or any member with twenty-three years of service who is not retired, reduced benefits are payable to the surviving spouse or designated beneficiary. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest retirement age. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM

During 1997, clerical and administrative employees of the District Attorney's Office, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans, became members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the Retirement System under the management of a board of trustee. The Retirement System is a combination Defined Benefit and Defined Contribution Pension plan established under the laws of the State of Louisiana. The general administration and the responsibility for the proper operation of the Retirement System and for making effective the Retirement System. The Employees' Retirement System of the City of New Orleans issues a publicly available financial report that includes financial statements and required supplementary information.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

7. PENSION PLAN (Continued)

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST (Continued)

Retirement System is required to contribute 4% of their salary in excess of \$1,200 per year. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The contribution requirements of Retirement System members and the District Attorney's Office are established and may be amended by the Retirement System's board of trustees. The District Attorney's Office contributed \$229,478 in 2007. However, the District Attorney's Office does not guarantee any of the benefits granted by the plan.

Employees with thirty years of service, or who attain age 60 with ten years of service, or age 65, irrespective of length of service, are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulated contribution, plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 25% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest thirty-six successive months of service, less \$1,200. Mandatory retirement age is 70.

Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapability is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity, shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum \$1,200 provided, however, that the minimum annual retirement allowance will be \$300 per year.

8. LEASES

The District Attorney's Office is committed under various leases for equipment, automobile and office space. These leases are considered for accounting purposes to be operating leases. The current lease payments were \$304,546. Future minimum lease payments for the leases follows:

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. LEASES (Continued)

<u>December 31,</u>	<u>Amount</u>
2008	\$ 305,082
2009	349,178
2010	366,079
2011	376,640
2012	<u>125,041</u>
	<u>\$ 1,522,020</u>

9. RISK MANAGEMENT

The District Attorney is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets; errors and omission; injuring to employees and natural disasters. The District Attorney purchased the following commercial insurance policies for any and all claims relating to the above types of risks:

<u>Type of Insurance</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Professional Liability:		
Per claim	\$ 2,000,000	\$ 2,500
Aggregate	\$ 2,000,000	
Personal Injury:		
Per claim	\$ 100,000	\$ 500
Aggregate	\$ 100,000	
Disciplinary Proceedings		
Per claim	\$ 50,000	\$ 500
Aggregate	\$ 50,000	

The District Attorney's payment of the deductible is the only liability associated with his insurance policies. The Orleans City Council is responsible for obtaining general liability, auto liability and worker's compensation insurance for the District Attorney's office and employees.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

10. LITIGATION AND CLAIMS

The District Attorney's office is a named defendant in several lawsuits, which it is vigorously defending. Such matters arise in the normal course of operations. While the results of litigation cannot be predicted with certainty, management believes, based on the advice of legal counsel, that the final outcome of such litigation would not have a material adverse effect on the District Attorney's financial statements.

11. ON-BEHALF PAYMENTS (STATE WARRANTS)

The State of Louisiana provides direct payments of salaries to assistant district attorneys, as designated by the District Attorney's Office. These payments referred to as "state warrants", provide these assistant district attorneys with their base salary. If the District Attorney's Office wishes to pay their assistant district attorneys a salary greater than the amount of the state warrant (currently \$40,000 per year), the additional amount is paid out of the District Attorney's Office Payroll Fund.

In accordance with GASB No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, should be recognized by the District Attorney's Office as and expenditures. However the District Attorney had not recorded amounts related to state warrants as of December 31, 2007. The amount which should have been recognized was \$3,113,205.

12. PRIOR PERIOD ADJUSTMENT

Net assets at the beginning of the year have been adjusted to correct errors made in prior years. The effect on net income for the year ended December 31, 2007 could not be determined.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 23, 2008

Honorable Keva M. Landrum-Johnson
District Attorney of the Orleans Judicial District
Orleans Parish, Louisiana

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District as of December 31, 2007 and for the year then ended, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents and have issued our report thereon dated June 23, 2008, which was modified to disclaim an opinion on changes in financial position and on consistency with the application of accounting principles generally accepted in the United States of America due to inadequate accounting records of the previous District Attorney administration. Except as discussed in the previous sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District Attorney of the Orleans Judicial District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney of the Orleans Judicial District internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District Attorney of the Orleans Judicial District internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects District Attorney of the Orleans Judicial District's ability to initiate, authorize, record, process, or report financial data reliable in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of District Attorney of the Orleans Judicial District's financial statements that is more than inconsequential will be not prevented or detected by the District Attorney of the Orleans Judicial Districts' internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by District Attorney of the Orleans Judicial Districts' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney of the Orleans Judicial District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2 and 2007-3.

The District Attorney's response to the findings identified in our audit is described in the accompanying Management Response to Findings. We did not audit the District Attorney's responses and, accordingly, we express no opinion on them.

This report is intended for the information of District Attorney of the Orleans Judicial District, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

June 23, 2008

Honorable Keva M. Landrum-Johnson
District Attorney of the Orleans Judicial District
Orleans Parish, Louisiana

Compliance

We have audited the compliance of District Attorney of the Orleans Judicial District, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. The District Attorney's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District Attorney's management. Our responsibility is to express an opinion on the District Attorney's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District Attorney's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District Attorney's compliance with those requirements.

In our opinion, the District Attorney complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the District Attorney is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District Attorney's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District Attorney's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies that adversely affects District Attorney's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by District Attorney of the Orleans Judicial District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a major federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the District Attorney, its management, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2007
FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Federal Grantor</u> <u>Pass-through Grantor</u>	<u>CFDA</u> <u>Number</u>	<u>Program Title</u>	<u>Project</u> <u>Number</u>	<u>Grant</u> <u>Period</u>	<u>Current year</u> <u>Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>					
<u>Office of Justice Programs</u>					
	16.580	Public Corruption II	2005-DD-BX-1175	6/1/06 - 5/31/08	\$ 129,481
Passed through - State of Louisiana	16.575	Victim Assistance Program I	C05-9-012	5/1/06 - 4/30/07	17,369
Commission on Law Enforcement and	16.575	Victim Assistance Program II	C04-9-016	5/1/07 - 9/30/07	30,568
Administration of Criminal Justice	16.575	Victim Assistance Program III	C06-9-009	10/1/07 - 9/30/08	11,298
Drug Control and System					
Improvement - Formula Grant	16.579	Differential Case Management	2006-DJ-BX-0209	12/16/06 - 08/30/08	177,939
	16.738	Criminal Justice Infrastructure	Y06-8-009	5/15/06 - 4/15/08	1,733,655
		Recovery			
		Electronic Equipment	P07-9-004	7/1/06 - 6/1/07	9,957
		Equipment Upgrade	2005-DD-BX-1173	10/01/06 - 12/31/08	70,914
Violence Against Women	16.588	Anti Stalking Program I	M04-9-002	12/1/06 - 11/30/07	127,956
Formula Grant	16.588	Anti Stalking Program II	M06-9-002	12/1/07 - 11/30/08	11,148
	16.523	Juvenile Prosecutors I	A04-8-034	8/1/06 - 7/31/07	20,058
	16.523	Juvenile Prosecutors II	A05-8-034	8/1/07 - 7/31/08	18,267
	16.588	Domestic Violence	M61-8-003	6/01/06 - 7/31/07	56,343
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Passed through the Louisiana					
Department of Social Services	93.563	Child Support Enforcement	355	7/1/06 - 6/30/07	1,088,629
		(Title IV-D)		7/1/07 - 6/30/08	1,158,824
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</u>					
	97.036	FEMA Infrastructure Grant		1/1/07 - 12/31/07	<u>295,961</u>
TOTAL FEDERAL & STATE EXPENDITURES \$					<u>4,958,367</u>

NOTE:

- 1) This schedule of expenditures of federal awards presents the expenditures of all financial assistance of the District Attorney of the Orleans Judicial District for federal awards received directly from federal agencies and indirectly through pass-through entities. The expenditures are presented in this schedule on the modified accrual basis of accounting and in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
<u>Internal control over financial reporting:</u>	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Control deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Management's Corrective Action Plan	See Attached
Management's Summary Schedule of Prior Audit Findings	See Attached
Memorandum of Recommendation and Other Comments	None Issued

Federal Awards:

<u>Internal control over major programs:</u>	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Control deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	
	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Major program: CFDA No. 93.563	Name: Child Support Services – Title IV-D Program
CFDA No. 16.738	Name: Criminal Justice Infrastructure Recovery

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? No

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

BUDGET TO ACTUAL PERFORMANCE REPORTS NOT AVAILABLE (2007-1)

QUESTIONED COST \$-0-

- Condition:** The District Attorney of New Orleans did not have a budget for fiscal year 2007 and does not have written policies and procedures for preparing, adopting, monitoring, and amending the budget. These reports are a crucial management tool required for monitoring financial performance of the Office.
- Criteria:** Louisiana law requires governmental entities to prepare and adopt a comprehensive budget before the end of the prior fiscal year. Without a budget, The District Attorney does not have a meaningful way to monitor the governmental entity's finances.
- Cause:** The District Attorney's office procedures did not include performance of budget to actual comparisons.
- Effect:** We were unable to evaluate budget to actual performance of the District Attorney of Orleans Parish.
- Recommendation:** We recommend that the DA's office plan and prepare a budget versus actual for 2008.

IMPROPER USES OF GOVERNMENTAL FUNDS (2007-2)

QUESTIONED COST \$1,278

- Condition:** Disbursements: Documentation
For the period January 1, 2007, through December 31, 2007, the business purpose, was considered not necessary. Multiple employees from the Child Support Division bought birthday cakes and decorations for the office.
- Criteria:** The Louisiana Attorney General stated in Opinion 03-157 that public funds "cannot be utilized to purchase flowers and gifts" as this would violate Article 7, Section 14 of the Louisiana Constitution.
- Cause:** The District Attorney's Office personnel did not know the governmental laws on proper expense procedures.
- Effect:** Since the amount is immaterial, but serious in nature, the problem has been addressed.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

IMPROPER USES OF GOVERNMENTAL FUNDS (2007-2) (Continued)

Recommendation: The DA's office should develop and implement policies and procedures to ensure that all payments are appropriate, serve a public purpose, and are from the correct fund. These policies and procedures should also require:

- (1) Adequate supporting documentation for all disbursements;
- (2) Approval of invoices before payment; and
- (3) Proper allocation among funding sources.

In addition, The District Attorney's office officials should cease paying for expenses not allowed under Louisiana law

IMPROPER USES OF GOVERNMENTAL FUNDS (2007-3)

QUESTIONED COST \$8,438.46

Condition: Payroll - Pay Advances
For the period January 1, 2007, through December 31, 2007, the pay advances were considered illegal and not necessary. Multiple employees received advances for rent and groceries.

Criteria: Article 7, Section 14 of the Louisiana Constitution prohibits loaning, donating, or pledging public funds to anyone. Receiving payroll and related benefits before the end of the pay period violates this provision of the Constitution. The District Attorney should adopt a policy for monitoring payroll disbursements to ensure that employees are paid in a timely manner on or after the end of the pay period.

Cause: The District Attorney's Office personnel did not know the governmental laws on proper payroll expense procedures.

Effect: Since the amount is immaterial, but illegal in nature, the problem has been addressed. Since the incident was reported to management, several administrative positions have been removed from their duties and the others have been reprimanded.

Recommendation: The District Attorney's office should develop and implement policies and procedures to ensure that all payroll payments are appropriate and in a timely manner. These policies and procedures should also require:

- (1) Adequate supporting documentation for all payroll disbursements;
- (2) Approval of payroll before payment; and
- (3) Proper documentation for leave and sick time.

In addition, The District Attorney's office officials should cease paying for payroll expenses not allowed under Louisiana law



KEVA M. LANDRUM-JOHNSON
District Attorney of New Orleans ~ State of Louisiana

VAL M. SOLINO
ACTING FIRST ASSISTANT DISTRICT ATTORNEY

1340 POYDRAS STREET, SUITE 700
NEW ORLEANS, LOUISIANA 70112-1267
(504) 822-2414

May 29, 2008

Duplantier, Hrapmann, Hogan & Maher, L.L.P.
Certified Public Accountants
1340 Poydras Street
Suite 2000
New Orleans, Louisiana 70112

RE: Orleans Parish District Attorney 2007 Audit, Management Response to Findings

The Orleans Parish District Attorney's Office has engaged an accounting firm to train accounting employees, and to assist with the correction of any and all deficiencies noted in accounting procedures. This engagement commenced in the fall of 2007. As a result of the enhanced training and advice of the consultants the Orleans Parish District Attorney has implemented policies and procedures to come into compliance with generally accepted government accounting standards. It is the current policy of the Orleans Parish District Attorney to continue to improve accounting procedures and to seek the advice of our accounting consultants as to appropriate and best practices.

Regarding the findings presented by Duplantier, Hrapmann, Hogan & Maher concerning the audit for the year ending December 31, 2007 the District Attorney notes the following:

FINDING #07-01 BUDGET TO ACTUAL PERFORMANCE REPORTS NOT AVAILABLE

The District Attorney traditionally prepared budgets accounting for funds received from various sources. For example, budgets exist accounting for funds received from the various grants received, and a budget exists which accounts for General Fund money received from the City of New Orleans as operating funds for the District Attorney's Office. The District Attorney will now combine these budgets into one document in order to have a single, approved and comprehensive, budget document accounting for all income and expenditures. A policy is also being adopted which requires the accounting staff to meet with the First Assistant District Attorney on at least a quarterly basis to monitor budget to actual performance.

Duplantier, Hrapmann,, Hogan & Maher
May 29, 2008
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FINDING #07-02 IMPROPER USES OF GOVERNMENTAL FUNDS

The District Attorney terminated the supervisors who authorized the improper expenditure of public funds. The improper use of funds occurred in the Child Support Enforcement Division. Policies requiring supporting documents for all expenditures and that all expenditures and/or invoices be approved for payment by management have been in place in the Criminal Division of the District Attorney's Office for many years. These policies have been specifically extended to the Child Support Division. Traditionally, Child Support expenditures have been approved by the Child Support Division Chief. The District Attorney has implemented a new policy wherein all expenditures of the Child Support Enforcement Division must be approved by the District Attorney or First Assistant District Attorney. Additionally, a policy has been implemented which requires a monthly review by the First Assistant District Attorney and Criminal Division Lead Accountant of the accounts payable and check registers of the Child Support Enforcement Division. Such policies—requiring management review of accounts payable and expenditures, had already been in place as to the Criminal Division. All employees, Child Support and Criminal Division, have been counseled regarding proper expenditures of public funds.

FINDING #07-03 IMPROPER USES OF GOVERNMENTAL FUNDS

As noted in the response to Finding #07-02 the supervisory personnel responsible for the improper expenditures have been terminated. Non-supervisory staff involved in the expenditures were issued formal written reprimands. This improper use of funds also occurred in the Child Support Enforcement Division. Employees have been counseled as to the improper use of public funds regarding payroll disbursements. Policies have been implemented which require that annual leave and sick time utilized by employees be accounted for via leave slips, and that completed leave slips be approved by supervisors. A policy has also been implemented which requires reconciliation of payroll disbursements with approved attendance logs, and/or time cards, and leave slips prior to submission of the payroll for disbursement.

The Orleans Parish District Attorney accepts the recommendations noted in the current 2007 Findings. Efforts are already underway to implement the corrective actions noted in this response.

Sincerely,

A handwritten signature in black ink, appearing to read "Keva Landrum Johnson", with a stylized, flowing script.

Keva Landrum Johnson

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
STATE OF LOUISIANA
STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

		Resolved / Unresolved
2006-01	Fixed assets not properly accounted for	X
2006-02	Accounting software processes not properly utilized by all staff	X
2006-03	Accounts receivable not properly posted	X
2006-04	Interfund transfer not reconciled	X
2006-05	Payroll time sheets not maintained	X
2006-06	Current audit not completely timely	X
2006-07	Budget to actual performance reports not available	X